

We make it ***possible***

# SUPPLIER MANUAL G&S

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## PROCEDURE

 <b>HUTCHINSON®</b>	CORPORATE PURCHASING	<b>HES</b> <small>HUTCHINSON® Excellence S, com</small>
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## **PREFACE**

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HUTCHINSON aims to achieve excellence so as to make deliveries to its clients under the best possible Quality, Cost, Delivery, and Innovation conditions. This goal applies to all of our business sectors: aeronautics, automotive and industry.

To reach our excellent objectives and best meet our clients' needs, the entire supply chain must be involved, and we expect our suppliers to actively participate in this process.

Our desire to involve suppliers in this process translates into the requirements set forth in this quality manual. Our suppliers are fully responsible for the quality of their products and services. We expect that they use excellence policies to reach the zero issues goal.

The requirements set forth in this manual are not, in any case, restrictions on the current standards (IATF 16949, ISO 9001, AS 9100, etc.). They are supplemental to them.

The HUTCHINSON Group uses the Ivalua tool that allows suppliers to connect to a portal. This quality manual addresses our expectations for the use of this tool.

## SUMMARY

<b>SUPPLIER MANUAL G&amp;S .....</b>	<b>1</b>
<b>PREFACE .....</b>	<b>2</b>
<b>1. PURPOSE .....</b>	<b>4</b>
<b>2. FIELD OF APPLICATION AND CONDITIONS .....</b>	<b>4</b>
<b>3. PRE-REQUISITES .....</b>	<b>4</b>
3.1. Communication language .....	4
3.2. QSE Management System Requirements .....	4
3.3. Regulation, Security, Intellectual and Industrial Property Requirements .....	5
3.4. "Confidentiality" Requirements .....	6
3.5. Archiving Requirements .....	6
3.6. Client and Authority Access Information .....	6
3.7. Subcontractors / Sub-suppliers Requirements .....	6
3.8. Requirements regarding obsolescence .....	7
3.9. Requirements regarding expiries.....	7
<b>4. SELECTING THE SUPPLIER.....</b>	<b>7</b>
4.1. "Bid" requirements.....	7
4.2. Quality, reliability, and supply chain performance targets .....	8
4.3. Feasibility and Planning Commitment.....	8
4.4. Assignment/Contracting .....	8
<b>5. DESIGN REQUIREMENTS.....</b>	<b>8</b>
<b>6. DELIVERING THE PRODUCT OR SERVICE .....</b>	<b>8</b>
6.1. Delivery requirements .....	8
6.2. Requirements regarding the supply chain.....	9
6.3. Modification Management Requirements .....	9
6.4. Series End of Life Requirements .....	9
6.5. Requirements applying to goods conservation .....	9
<b>7. REQUIREMENTS IN CASE OF NON-COMPLIANCE .....</b>	<b>9</b>
7.1. Complaint Response Time Requirements .....	10
7.2. Requirements involving the Financial Consequences of a Complaint.....	10
<b>8. REQUIREMENTS REGARDING THE EVALUATION OF SERIAL PERFORMANCE.....</b>	<b>11</b>
<b>9. OPERATIONAL EXCELLENCE REQUIREMENTS.....</b>	<b>11</b>
<b>10. DEFINITIONS.....</b>	<b>11</b>
<b>11. REFERENCE DOCUMENTS.....</b>	<b>12</b>

## 1. PURPOSE

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This document defines the general requirements in terms of quality, cost, delivery, and innovation that all HUTCHINSON Suppliers and their own suppliers and service providers must respect.

It is written in Purchasing Quality Coordination to consider all requirements from each business sector of HUTCHINSON Group

It is part of a collection of 3 manuals, including:

- HES PUR P18 – Supplier Manual, applicable to all purchases intended for the Group's plants that is part of the composition of our products
- HES PUR P18 G01 – Logistics manual that express our requirements in terms of Supply Chain.

## 2. FIELD OF APPLICATION AND CONDITIONS

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The requirements of this current version of the procedure apply, from 01/12/2020, to all purchases of Goods and Services that do not enter in the composition of our products.

The acceptance of this manual is mandatory for any supplier of Goods or Services that do have an impact on QCD performance of HUTCHINSON towards his customers. Typically, the concerned purchasing categories are equipment, tools, control & rework, freight, etc. (list non-limitative).

Some of the paragraphs of this manual could be non-applicable. It is the suppliers' responsibility to establish a document identifying all non-applicable requirements to his activity and to obtain acceptance of this document by his usual HUTCHINSON interlocutors.

The written requirements in this document are applicable to all Group plants.

Acceptance of any order serves as acceptance of this document.

## 3. PRE-REQUISITES

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### 3.1. Communication language

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The supplier must be able to communicate in the language of the HUTCHINSON facility in question or, as a default, English.

### 3.2. QSE Management System Requirements

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- ☐ The Supplier implements a Quality Management System, certified by a third party audit based on ISO 9001.  
In some cases, upon HUTCHINSON sites request, a certification based on specific referential from our business sectors (IATF 16949 for automotive, EN 9100 for aerospace, etc...) could be required
- ☐ A supplier that would not be certified may be recognized as compliant to HUTCHINSON's needs (operational and efficient system). This recognition will be granted by an audit or any other evaluation.
- ☐ An HSE certification like ISO 14001, OHSAS 18001, ISO 45001, or 50001 is appreciated.

The Supplier must provide HUTCHINSON copies of certificates that are relevant to the production and sale of supplies to HUTCHINSON. We will ask that copies of these certificates and other legal or contractual documents be posted online to the HUTCHINSON purchasing portal at: <https://ivalua.hutchinson.fr/>

The supplier agrees to inform HUTCHINSON of any major changes to its quality system, organization, organization chart, name change, etc.

### **3.3. Regulation, Security, Intellectual and Industrial Property Requirements**

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- We invite all our suppliers to review and apply the Fundamental Principles of Purchasing (FPP) which can be found on General Terms and Conditions of Purchasing Appendix on HUTCHINSON's purchasing portal. A signed copy is also requested to be posted on the portal: [https://ivalua.hutchinson.fr](https://ivalua.hutchinson.fr/)
- Regulations are intended to ensure the protection of human health and environment from the risks generated by the use of chemicals. They concern all the actors involved in the process of production of the final product (substances manufacturers, formulators, articles producers), thus the suppliers of HUTCHINSON. For example, Regulation 1907/2006 (REACH), Directive 2000/53 / EC (VHU), Directive 2011/65 / EU (ROHS), the Stockholm Convention (POPs), Proposal 65 of California... All suppliers must comply with these requirements.
- As part of the sustainable purchasing development process, an environmental impact assessment for products (life cycle) must be performed and made available to HUTCHINSON by the Supplier.

#### **3.3.1 Prohibited or Restricted Substances**

- The Supplier is responsible for compliance with the requirements set forth in various regulatory texts, including, but not limited to, RoHS, ELV, and REACH. No HUTCHINSON technical documents or specifications may replace these official texts.
- In case of even temporary non-respect of one or more regulatory requirements, the Supplier must inform the HUTCHINSON Purchasing and/or Quality Department manager as soon as possible.
- The Supplier considers the general recommendations about recycling during the design of the product.

#### **3.3.2 Compliance with Regulations and Safety**

- The supplier shall document their process to ensure that purchased products, processes, and services conform to the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer-defined country of destination, if provided.
- In this respect, HUTCHINSON may require from a Supplier commitment in terms of safety and regulation applicable to the products. The supplier shall send the Safety Data Sheet and the Technical Data Sheet of the product supplied to HUTCHINSON.
- The supplier knows and respects the regulations applying to exports and end destinations (export controls). The supplier informs HUTCHINSON of any restrictions applying to their supplies.
- In the case of wooden pallets or containers with phytosanitary treatment, the supplier ensures that NIMP-15 specification is respected for the entire supply chain.

### **3.4. "Confidentiality" Requirements**

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- We expect our suppliers to treat all information transferred by HUTCHINSON as confidential. If necessary, both parties may sign a confidentiality agreement.
- If the Supplier, during the performance of the Contract requires the processing of personal data as defined by Public Policy Provisions in force (hereinafter referred to as the "Data") by any means whatsoever, the Supplier undertakes to act in compliance with said Public Policy Provisions.
- In particular, the Supplier warrants to HUTCHINSON the physical and logical protection of the Data in accordance with the best standards and practices of the market. For this purpose, the Supplier shall implement the technical and organizational measures necessary to maintain full security and confidentiality of the Data, such that no unauthorized person, whether or not a member of its personnel, may access the Data. Lastly, the Supplier shall guarantee HUTCHINSON against all risks of loss of the Data.
- In general, the Supplier shall not use, transfer or make available to third parties, other than its Subcontractors that are required to be aware thereof in order to perform the Agreement, for any reason whatsoever, the Data it is required to process pursuant to the Agreement, and it warrants HUTCHINSON that it will destroy such Data at the end of the Agreement.
- The Supplier shall hold HUTCHINSON and its insurers harmless from all recourse or actions that may be brought against them due to losses caused by inadequate protection of the Data in connection with the performance of the Agreement.

### **3.5. Archiving Requirements**

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- Depending on the delivery site(s) and industry specific requirements, the archiving duration and conditions may be longer and detailed in the contract for this supply.
- For products for the aerospace industry, the archiving periods are at least those imposed by the standard AS 9100. In case the customer specification imposes a longer archive duration, this will prevail.
- The access to archived data must allow to report in 48 hours in case of major incident.

### **3.6. Client and Authority Access Information**

- The Supplier agrees to allow free access to their facilities to HUTCHINSON representatives and any client or representative of the regulatory authorities who might accompany them, for any audits as well as surveillance or control operations for the product ordered.
- Except in emergencies (customer complaints, stock outs, etc.), HUTCHINSON agrees to give 48 hours' notice before making these visits.
- Excluding cases specified by three-party contracts, HUTCHINSON prohibits any direct interaction between the HUTCHINSON supplier and client. In particular, if a client wishes to audit the Supplier, the audit may only take place in the presence of a HUTCHINSON representative.

### **3.7. Subcontractors / Sub-suppliers Requirements**

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- The requirements in this manual must be applied to its own subcontractors, suppliers and service providers. The Supplier is responsible for overseeing its subcontractors and/or suppliers and for developing or assisting the subcontractor to comply with the requirements described in this document.

- For recurrent purchases, HUTCHINSON must be provided enough notice in the case of a desired change of supplier or subcontractor in order to understand the impact of the change and issue an approval.
- HUTCHINSON reserves the right to audit the subcontractor under the Supplier's control.
- In the special case of resellers and distributors, the supplier agrees to deliver products to HUTCHINSON from known and identifiable sources, accompanied either by copies of the manufacturer's original declaration of compliance, or by declarations of compliance that identify the origin of the product. They agree to set up a storage system that guarantees the traceability of the products in their possession.
- Suppliers and sub-contractors must qualify their process (qualified equipments, qualified operators, defined work instructions). Evidences of this qualification shall be provided to HUTCHINSON upon request.

### **3.8. Requirements regarding obsolescence**

The supplier shall always send any notices of obsolescence to HUTCHINSON, irrespective of the source of the information. The supplier shall set up a lookout for the market, products and processes.

### **3.9. Requirements regarding expiries**

In case of supply of material with expiries, material expiration dates must be shown on the packaging. At the time of delivery, the lifetime must be equal to at least 80% of the maximum lifetime, unless HUTCHINSON agrees otherwise in writing.

## **4. SELECTING THE SUPPLIER**

The selection of the HUTCHINSON Supplier is done based on the following 4 criteria: "Quality" (Q), "Cost" (C), "Delivery" (D) and "Innovation" (I).

### **V' "Quality" Criteria:**

The Supplier must comply with the requirements provided in the specification and with the quality system requirements as described in paragraph 3.2.

### **V' "Cost" Criteria:**

The Supplier's price bid must be in line with requirements described in §4.1.

### **V' "Delivery" Criteria:**

The Supplier must justify its ability to deliver to the HUTCHINSON sites upon requirements provided in the specification.

### **V' "Innovation" Criteria:**

The Supplier must be able to show its ability to propose innovative solutions in terms of technology, cost reduction and eco-design.

### **4.1. "Bid" requirements**

The bid must clearly indicate the key elements influencing the product cost or be structured based on a breakdown that shows the different components of the product or service cost, according to the requirements from the call for tender.

The bid must be sent within the response time requested by HUTCHINSON.

#### **4.2. Quality, reliability, and supply chain performance targets.**

Performance objectives shall be defined during the assignment. These objectives include the performance that the HUTCHINSON client expects from the finished product (example: equipment capability, OTD...)

#### **4.3. Feasibility and Planning Commitment**

The Supplier is responsible for reviewing all the requirements in order to verify industrial feasibility and enough capacity to meet the demands of the supply or service.

The Supplier must make sure that all the requirements are understood (usually the technical and functional specifications, this manual, the ordering party's requirements, etc.) before making a proposal.

The Supplier shall provide a schedule that will include its interim milestones and the milestones required by HUTCHINSON. The Supplier is responsible for the product progress and monitoring. It must report any change in schedule to HUTCHINSON as soon as it occurs, with associated action plan.

#### **4.4. Assignment/Contracting**

Each HUTCHINSON Group entity defines its assignment/contracting rules except in case of transversal, or Group contracts.

### **5. DESIGN REQUIREMENTS**

During the design phase, the Supplier implements the quality management tools best adapted to the Q (Quality), C (Cost), D (Delivery) and I (Innovation) objectives set by HUTCHINSON (FMEA RPN analysis, operation analysis, experience plan, quality plan, control plan, etc.). The supplier:

- ensures all of the regulatory and security requirements related to the production and use of the supply in question are included;
- organizes, at the request of HUTCHINSON, or at its own initiative, all controls as the project advances.

HUTCHINSON or its Clients may impose raw material supply sources or subcontractors for special processes. In this case, they are specified when placing the order. Their replacement by any other equivalent means may only be done if HUTCHINSON agrees in writing.

For some purchasing categories, the service providing shall be done according to generic specifications redacted by HUTCHINSON, for example: HES HSE P35 F01 (equipment), HES HSE G18 F02 (forklifts)

Even if HUTCHINSON provides the product design, it expects the Supplier to propose improvements or optimize this design, in particular report any design choices that are not in line with the state of art.

### **6. DELIVERING THE PRODUCT OR SERVICE**

#### **6.1. Delivery requirements**

- The Supplier takes all necessary provisions to ensure the delivery of products / services compliant with the contractual specifications (ex. production surveillance plan) accompanied by a delivery slip and the complete documentation.
- Product deliveries without a delivery slip and the corresponding documentation may result in non-compliance, per section 7 of this document.
- At HUTCHINSON'S request, the supplier agrees to share the results, measurements or findings for analysis purposes.
- The Supplier of any serial product or service delivered agrees to inform HUTCHINSON (and request deviation when applicable) about:
  - any non-compliance or discrepancy that it may detect before providing the product of service,
  - any supply that does not follow the continuity of the delivery history.



- The Supplier agrees to measure:
  - its quality level internal and delivered,
  - its service rate (OTD) for HUTCHINSON,
  - the level of satisfaction of its HUTCHINSON client,
- The Supplier also agrees to:
  - use a tracking system,
  - make registrations showing the compliance of the product / service,
  - respect FIFO (First In, First Out) principles,

## **6.2. Requirements regarding the supply chain**

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- The goal is to avoid being held liable for an interruption of production at HUTCHINSON. Supply chain incidents (delays, damaged goods, unsuitable packaging, etc.) will be declared as non-compliant, as defined in section 8 of this document.
- The supplier agrees to guarantee the safety of persons and products with regard to packaging, labelling, documentation and the supplies.
- All actions required to reach the service rate targets will be taken.
- The supplier shall adapt its production capacity to meet the workloads represented by the orders. If a risk of late delivery is identified, the supplier shall inform HUTCHINSON immediately. The supplier shall use the most suitable means to supply HUTCHINSON (action plans at the supplier's charge), irrespective of the Incoterms.
- The implementation of corrective actions for non-conformities {exceptional freights, extra hours} will be at supplier's charge as soon as its responsibility is proven.

## **6.3. Modification Management Requirements**

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The Supplier must never make changes to the product or service without gaining approval from HUTCHINSON first.

The supplier of any product / service firmly agrees to inform HUTCHINSON about any delay that could require a change in its supply with a notice that must have been agreed between the supplier and HUTCHINSON before the start of the supply and according to HUTCHINSON specifications.

## **6.4. Series End of Life Requirements**

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- The change of site, process and industrial means of the Supplier is possible so long as HUTCHINSON is informed and approves.
- A formal agreement from HUTCHINSON is mandatory before any action from the supplier resulting in the definitive shutdown of supplier's ability to deliver a product or a service.

## **6.5. Requirements applying to goods conservation**

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The conditions of conservation of the goods, and in particular the packaging, storage and transportation must be respected between the time when the product is manufactured by the supplier and its use by HUTCHINSON.

## **7. REQUIREMENTS IN CASE OF NON-COMPLIANCE**

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All HUTCHINSON suppliers agree to maintain a system to control and prevent the use or shipment of materials which do not conform to specifications. Any discrepancy with the order specifications or conditions - whether technical or otherwise – are included in a complaint sent to the Supplier in question.

- When a non-compliance is found, the site that discovered it opens a complaint to the Supplier in the HUTCHINSON purchasing portal, iValua, found online at <https://ivalua.hutchinson.fr/>.
- The Supplier involved in the complaint agrees to:
  - undertake all activities necessary to secure the quality of the future services or goods.
  - inform all the HUTCHINSON sites that are potentially impacted by the non-compliance,
  - determine the root cause(s) of the non-compliance and implement corrective action(s),
  - respond via the 8D format in the HUTCHINSON purchasing portal, iValua.
- Any claims may result in reinforced inspections of the discrepant product or service. This inspection may be done at HUTCHINSON 's facility and will be at supplier's charge. The supplier may call on third-party companies to perform these inspections, sorting and stock protection operations. HUTCHINSON reserves the right to grant access to its sites only to third-party companies that are designated in advance. HUTCHINSON can decide to return the stocks to the supplier for inspection at their discretion. The inspections will cease once the actions taken by the supplier to eliminate the causes of the complaint have proven effective in HUTCHINSON's opinion. After any discrepant delivery, the Supplier delivers its products / services with clear identification that they underwent an additional control.
- The supplier may ask for cancellation of the complaint if he considered that his fault is not confirmed. For this, he shall show evidences of his non responsibility with analysis. These proofs must be loaded in Ivalua: <https://ivalua.hutchinson.fr>

### 7.1. Complaint Response Time Requirements

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- Handling and taking immediate action following a complaint at the HUTCHINSON site must be performed within 48 hours after the complaint is issued.
- Determining root cause of the non-compliance and the implementation of corrective actions must be reported within 15 calendar days from the issue of the complaint.
- The measures to verify the effectiveness of these corrective actions and the capitalization and overcoming actions must be reported within 1 month after the issue of the complaint.
- These deadlines may be shortened at the simple request of the HUTCHINSON site, particularly in the case of a claim from a HUTCHINSON site due to a non-compliance in the customer supply.

### 7.2. Requirements involving the Financial Consequences of a Complaint

The Supplier, being responsible for the quality of the products delivered, shall bear all direct and indirect financial consequences (including the costs resulting from a claim detected by the end customer) as well as the consequences of the defective product delivered. The recovery of financial consequences will be applied whatever the nature of the complaint (technical, supply, documentary ...)

Cases	
Claim	Real cost + 600 €
Customer related claim	Real cost + 1,300 €
Recurrent claim	Real cost + 1,000 €
Shutdown situation	Real cost + 10,000 €
Sorting costs	55 € / h.
Issue on legal documentation	150 €

The supplementary costs specified in the above table cover, among other things, but without limitation, the identification of the defect, the provision of conforming lots in production, the communication charge with the supplier or customer, etc. ...).

The sorting costs are applied when HUTCHINSON personnel must sort the products in order to secure the production.

The issue on legal documentation cover application of CSR rules (conflict minerals, anti-corruption...) as well as update of documents in IVALUA portal (quality certificates, insurance...)

The costs of issuing a claim will be systematically invoiced for each officially formalized claim on the HUTCHINSON portal. The invoice will be charged at the currency of the HUTCHINSON site at the current exchange rate.

## **8. REQUIREMENTS REGARDING THE EVALUATION OF SERIAL PERFORMANCE**

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Every year, the HUTCHINSON sites identify the suppliers to be evaluated according to several criteria defined in the internal procedure HES PUR P05:

- The performance of any HUTCHINSON Supplier is measured and followed on a monthly basis by standardized Group indicators: Number of complaints and delivery performance (OTD).
- Each supplier is also evaluated based on the economic criteria of the purchase, its ability to invest, its ability to innovate and its quality management system level.

## **9. OPERATIONAL EXCELLENCE REQUIREMENTS**

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- HUTCHINSON expects its suppliers to conduct programs for operational excellence, whether organizational or technical, to reach and maintain the best level of competition in their business sector.
- Each supplier must propose ideas for improvement aimed at reducing the total purchase cost of the supplies / services. It shall contribute to the client productivity programs and thus perpetuate its own markets.
- The Supplier agrees to inform HUTCHINSON about its annual improvement plan. The quantified targets set at the start of the year must constitute the input for this plan for improvement.
- The supplier shall use adequate tools to lead his improvements action plans (Pareto, 5 Whys, Ishikawa, QOS, etc...)
- The Supplier must be able to show at any time the innovative proposals that it has offered HUTCHINSON, as described in the "innovation" criteria under paragraph 4 of this document.

## **10. DEFINITIONS**

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The following definitions are limited to the sole technical terms used in this document.

- **FMEA:** Failure Modes and Effects Analysis – process, widely used in the automotive industry, for identifying potential failure modes, and the effects of those failures, based on experience with similar products and processes

- Feasibility Commitment: Commitment written and signed by a supplier guaranteeing its ability to meet the explicit and implicit requirements for HUTCHINSON
- QCD: Quality / Cost / Delivery
- Supplier service rate (OTD) : this is the ratio expressed as a percentage between
  - the number of good deliveries and
  - the total number of deliveries
 A good delivery for a supplier is a timely delivery (not late or early) of the part or product specified in the order, in compliance with the quantity ordered. It is implicit that they must be conducted at the site mentioned in the order.
- Order: is a supply order of goods or services, it contains the terms negotiated between the customer and the supplier (delivery date, quantity, description of the product / service, etc...). The order is proof of the specifications in the event that the latter does not exist.

## 11. REFERENCE DOCUMENTS

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The following reference documents may be consulted in order to provide more complete information on the HUTCHINSON requirements.

1-	HES PUR P05 F01	Supplier Pre-Evaluation Audit
2-	HES PUR P18	Supplier Manual
3-	HES PUR P18 G01	Supplier Logistics Manual
4-	HES PUR P18 G02	IVALUA Supplier Guide

For each call for tender, the Supplier undertakes to build its bid according to the following contract code and in the order of precedence established below:



- 1- GTCP HUTCHINSON General Terms and Conditions of Purchasing
- 2- Suppliers' documentation (General Terms and Conditions, Technical specification...)

These documents are available on the HUTCHINSON purchasing portal at the following address:

<https://ivalua.hutchinson.fr/>

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